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FORM 10-Q
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)
(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1992

JQ2-2261

OR

( ) TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 0-15413

LWAY PRODUCTIONS
(Exact name of registrant as specified in its charter)

Nevada	95-3480640
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer ID No.)

9044 Melrose Avenue, 3rd Floor, Los Angeles, CA 90069
(Address of principal executive offices)

(310) 859-8250
(Registrant's telephone number, including area code)

9229 Sunset Boulevard, 9th Floor, Los Angeles, CA 90069
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No ___

APPLICABLE ONLY TO CORPORATE ISSUERS:

The registrant had 54,154,000 shares of its $.001 par value common stock outstanding as of May 4, 1992.

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PART I
ITEM I

LWAY PRODUCTIONS

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FINANCIAL STATEMENTS

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LWAY PRODUCTIONS
BALANCE SHEETS

	March 31, 1992	September 30, 1991
	(Unaudited)	
ASSETS:		
Cash	$364,084	$385,957
Accounts receivable-trade	484,703	238,000
Accounts receivable-purchased(Note 2)		51,178
Film inventory, net of accumulated amortization of $222,487 (Note 2)	300,258	418,196
Furniture and fixtures, at cost, net of accumulated depreciation of $13,626 and $8,114 at March 31, 1991 and September 30, 1991(Note 2)	48,238	43,814
Security deposit and other assets	63,285	40,452
	$1,260,568	$1,177,598
LIABILITIES AND SHAREHOLDERS' EQUITY		
Accounts payable and accrued expenses	$63,290	$43,142
Accounts payable-Century Group (Note 5)	47,000	47,000
Notes Payable(Note 2)	175,000	175,000
Total liabilities	285,290	265,142
Shareholders' equity:		
Preferred stock, $.01 par value; 10,000,000 shares authorized; none outstanding		
Common stock, $.001 par value; 250,000,000 shares authorized; 54,154,000 and 60,000,000 shares issued and outstanding at December 31, 1991 and September 30, 1991 respectively(Note 2)	54,154	54,154
Additional paid-in capital(Note 2)	2,856,232	2,856,232
Retained earnings (deficit)	(1,935,108)	(1,997,930)
Total shareholders' equity	975,278	912,456
	$1,260,568	$1,177,598

See notes to financial statements.

LWAY PRODUCTIONS
STATEMENTS OF OPERATIONS
FOR THE THREE MONTHS ENDED MARCH 31, 1992 AND 1991
(UNAUDITED)

	1992	1991
Film revenue (Note 1 and 2)	$339,854	$91,739
Costs and expenses:		
Operating costs and film amortization (Note 2)	87,128	15,202
Selling, general and administration	210,502	167,917
Operating profit (loss)	42,224	(91,380)
Other income (expense):		
Affiliate claim and recovery (Note 2)		610,500
Interest income	2,178	1,716
Interest expense(Note 2)	(4,375)	0
	(2,197)	612,216
Net profit (loss)	$40,027	$520,836
Net profit (loss) per share (Note 3)	$0.00	$0.01

See notes to financial statements.

LWAY PRODUCTIONS
STATEMENTS OF OPERATIONS
FOR THE SIX MONTHS ENDED MARCH 31, 1992 AND 1991
(UNAUDITED)

	1992	1991
Film revenue (Note 1 and 2)	$592,577	$91,739
Costs and expenses:		
Operating costs and film amortization (Note 2)	141,125	15,202
Selling, general and administration	388,598	324,425
Operating profit (loss)	62,854	(247,888)
Other income (expense):		
Affiliate claim and recovery (Note 2)		610,500
Interest income	8,718	4,613
Interest expense(Note 2)	(8,750)	0
	(32)	615,113
Net profit (loss)	$62,822	$367,225
Net profit (loss) per share (Note 3)	$0.00	$0.01

See notes to financial statements.

LWAY PRODUCTIONS
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 1992 AND 1991
(UNAUDITED)

	1992	1991
Cash flows from operating activities:		
Net profit (loss)	$62,822	$367,225
Adjustments to reconcile net profit (loss) to net cash provided (used) by operating activities (Note 2):		
Depreciation and amortization	123,632	15,470
Decrease (increase) in other assets	(22,833)	(7,688)
Decrease (increase) in accounts receivable-trade	(246,703)	
Increase (decrease) in accounts payable and accrued expenses	20,148	107,538
Accounts receivable-Exacta settlement		(62,500)
Cash collections of purchased accounts receivable	51,178	20,134
Film inventory-Exacta settlement		(148,000)
Total adjustments	(74,578)	(75,046)
Net cash provided (used) by operating activities	(11,756)	292,179
Cash flows from investing activities:		
Purchase of Peregrine assets		
Accounts receivable-purchased		(143,000)
Cash purchase of film inventory		(137,500)
Furniture and equipment		(50,025)
Repurchase of Company's common stock		(144,475)
Purchase of computer equipment	(10,117)	
Net cash used in investing activities	(10,117)	(475,000)
Cash flows from financing activities:		
Proceeds from issuance of common stock		350,000
Net cash provided by financing activities		350,000
Net increase (decrease) in cash and cash equivalents	(21,873)	167,179
Cash and cash equivalents at beginning of year	385,957	255,079
Cash and cash equivalents at end of year	$364,084	$422,258

See notes to financial statements.

LWAY PRODUCTIONS
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED MARCH 31, 1992 AND 1991
(UNAUDITED)
(Continued)

upplemental disclosures of cash flow information:

upplemental schedule of noncash investing and financing activities:
The Company issued $175,000 in notes payable to Peregrine in conjuntion with the asset acquisition.(Note 2) The notes bear interest at the rate of 10% per annum and are payable over four years.

isclosure of accounting policy:

or purposes of the statement of cash flows, the Company considers all ighly liquid debt instruments purchased with a maturity of three month r less to be cash equivalents.

See notes to financial statements.

LWAY PRODUCTIONS

NOTES TO CONDENSED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation:

The accompanying condensed financial statements are unaudited, but in the opinion of management include all adjustments (consisting only of normal recurring adjustments) necessary to fairly state the information included therein in accordance with generally accepted accounting principles for interim financial information and with instructions to Form 10Q and rule 10-01 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. The accompanying financial should be read in conjunction with the more detailed financial statements and related footnotes thereto which are incorporated by reference in Form 10K for the year ended September 30, 1991.

The results of operations for the six month period ended March 31, 1992 are not necessarily indicative of the results to be expected for the full year.

Film Revenue Recognition

Revenues from television license agreements are recognized as each film becomes available for telecasting by the licensee. Revenues from other contractual agreements are recognized when the films delivered are free of any conflicting licenses in respective territory.

Accounts receivable

Accounts receivable consist of the unpaid portion of license agreements received from customers on a worldwide basis. The Company's management performs credit evaluations of all customers and reserves for any potential credit losses.

Furniture and fixtures

Depreciation of furniture and fixtures is being provided by utilization of the straight-line method over the estimated useful lines of the assets which range from 3 to 5 years.

LWAY PRODUCTIONS

NOTES TO CONDENSED FINANCIAL STATEMENTS

Film Costs and Amortization

Amortization is based on the income forecast method utilizing the relationship revenue realized in the period bears to estimated future revenue and the new cost basis (Note 2). Such estimated revenue will be revised periodically by management and estimated losses, if any, will be provided for. Based upon the Company's revenue estimates, approximately 70% of the carrying basis of the films is expected to be amortized within the three-year period ending September 31 1993. Film costs are stated at the lower of unamortized cost or estimated net realizable value.

Note 2 - Related Party Transactions:

Acquisition Agreement

On March 12, 1991 the Registrant concluded an Acquisition Agreement (the "Acquisition Agreement") with Peregrine Entertainment, Ltd. ("PEL"), Peregrine Producers Group ("PPG") and Peregrine Film Distribution, Inc. ("PFD") (all of which are operating as debtors in possession under the United States Bankruptcy Code), resulting in the Registrant's acquisition of, among other things, 30,000,000 shares of common stock of the Registrant, par value $.001 per share ("Common Stock"), owned by PEL and representing 50% ownership of the Registrant, which have been retired, and the other transactions described below.

Pursuant to the Acquisition Agreement, the Registrant acquired from PEL, PPG and PFD, substantially all of their assets as of August 31, 1990 (the "Assets") for a purchase price of $650,000 plus the assumption of certain liabilities related to the Assets. The Assets principally consist of 29 made-for-television motion pictures owned by PPG (the "PPG Films"), all of PPG's and PFD's rights to accounts receivable derived from the PPG Films, miscellaneous furniture and equipment of PEL, and 30,000,000 shares of Common Stock owned by PEL.

The purchase price consisted of $475,000 paid in cash and $175,000 paid by the delivery of three promissory notes bearing interest of 10% and due over a period of four years (the "Notes"). Principal is due as follows:

March 31, 1993	$ 75,000
March 31, 1994	50,000
March 31, 1995	50,000
	$175,000

LWAY PRODUCTIONS

NOTES TO CONDENSED FINANCIAL STATEMENTS

In connection with the Acquisition Agreement, PEL, PPG and PFD, on the one hand, and Messrs. Neil Rosenstein ("Rosenstein") and Harold Brown ("Brown"), both officers and members of the Board of Directors of the Registrant, and PEL, PPG, PFD, and Exacta, on the other hand, executed mutual releases (the "Mutual Releases") wherein each party released and discharged the other from and against any and all debts, claims, demands and liabilities.

The financing of the purchase of the Assets was derived in part from each of the approximately $400,000 received by the Registrant by Exacta pursuant to the Settlement Agreement, described below, and the $350,000 received by the Registrant by Mr. Brown and Mr. Smith ("Smith") pursuant to the Stock Subscription Agreement, described below.

Settlement Agreement

On March 12, 1991, the Registrant concluded the Settlement Agreement with Exacta and Rosenstein (the "Settlement Agreement") pursuant to which the Registrant settled all of its claims against Exacta and Rosenstein, including, without limitation, Exacta's obligation under certain Guarantee and Indemnification Agreements executed by Exacta in favor of the Registrant between July and August of 1987 (the "Guarantee Agreements") to indemnify the Registrant from its losses in connection with a pledge of $1,500,000 to PEL in July and August, 1987. Pursuant to the Settlement Agreement, Exacta assigned and transferred to the Registrant $400,000 in cash, all of Exacta's distribution rights to the PPG Films, all of Exacta's rights to accounts receivable derived from the PPG Films, and the right to receive up to $150,000 of a potential additional refund from Exacta's 1986 and 1987 Federal and State of Utah Income Tax Returns (less any expenses of collection). Also pursuant to the terms of the Settlement Agreement, Rosenstein resigned from the Board of Directors and any offices of the Registrant, agreed to the cancellation of all options held by him to purchase shares of Common Stock and executed Mutual Releases releasing the Registrant from all liabilities, claims and demands. In consideration for such transfers, the Registrant delivered to Exacta and Rosenstein releases executed releasing Exacta and Rosenstein from all liabilities, claims and demands. The Settlement Agreement closed concurrently with the Acquisition Agreement.

LWAY PRODUCTIONS

NOTES TO CONDENSED FINANCIAL STATEMENTS

Stock Subscription Agreement

On March 12, 1991, pursuant to the Acquisition Agreement the Registrant repurchased and retired 30,000,000 shares of the Company's Common Stock owned by PEL. Concurrently, the Registrant, pursuant to a Stock Subscription Agreement between the Registrant, Harold Brown ("Brown") and Ralph T. Smith ("Smith"), both officers and directors of the Registrant, sold and newly issued 15,700,100 and 8,453,900 shares respectively representing an aggregate of 45% of the Registrant's outstanding shares of Common Stock for $350,000.00 pursuant to a Stock Subscription Agreement between the Registrant and Brown and Smith dated as of March 12, 1991 (the "Subscription Agreement").

Note 3 - Profit (Loss) Per Share:

Net profit (loss) per share is computed using the weighted average number of shares of Common Stock and common stock equivalents outstanding at March 31, 1992 and 1991.

Note 4 - Income Taxes:

The Company has unused operating loss carryforwards of approximately $1,535,332 for federal income tax purposes and $766,766 for state income tax purposes due to expire through 2005. The Company has approximately $1,997,930 of unused operating loss carryforwards for book purposes.

Note 5 - Accounts Payable - Century Group:

The Company collected $47,000 on behalf of Century Group Ltd., ("Century") a non-affiliate. There are no requirements of the Company with regard to these monies except to see that Century has complied with certain conditions established by a third party.

LWAY PRODUCTIONS

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Results of Operations

Revenue for the three and six months ended March 31, 1992 were $339,854 and $592,577 respectively. Revenue for the comparative periods of March 31, 1991 were $91,739. The significant increase in 1992 of $500,838 is due to the fact the Company commenced operating as a film distribution operation on March 12, 1991 and therefore had less than one month of revenue as compared to six months of revenue for the period ended March 31, 1992.

Operating expenses for the six months ended March 31, 1992 increased by $125,923 as compared to the prior year. This increase is due primarily to increased sales related costs of film amortization of $103,000 and print costs of $17,000.

Selling, general and administration costs for the six months ended March 31, 1992 increased by $64,173 as compared to the prior year. Legal and accounting decreased by $254,700 as these nonrecurring expenses were incurred in the acquisition of the Peregrine assets; salary expense increased by $177,000, rent increased by $31,000, travel and entertainment increased by $25,000, foreign taxes increased by $14,000, consultant expense increased by $10,500, temporary hire cost increased by $20,000 due to hiring of temp help to implement a computer system, telephone expense increased by $10,000, insurance expense increased by $11,000, sundry accounts increased by $20,000 all as a result of the Registrant becoming an operating company and now having 5 full-time employees and compared to the prior year with no business activities and one part-time employee. The Registrant does not anticipate any substantial increase in its costs and expenses during the current fiscal year.

Capital Resources and Liquidity

As of March 31, 1992, the Registrant had $364,084 of cash available to meet operating requirements. Accordingly, based on anticipated continuing sales, cash on hand and existing accounts receivable of $484,703 no liquidity shortfalls are expected during the 1992 fiscal year.

PART II - OTHER INFORMATION

Items 1 through 5 are not applicable.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

No reports on Form 8-K were filed by Company during the quarter covered by this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LWAY PRODUCTIONS

Date May 4, 1992

By Ralph T. Smith
Ralph T. Smith, President
and Chief Financial Officer